

GNP Figures for the European Satellites

1. Estimated gross national products of the European Satellites in 1954 and indexes of their growth since 1950 are as follows:

| | Value in 1950 (Billion 1955 \$)* | Indexes (1950 = 100) | | | |
|----------------|---|----------------------|------|------|------|
| | | 1955 | 1956 | 1957 | 1958 |
| Bulgaria | 4 | 144 | 150 | 162 | 173 |
| Czechoslovakia | 15.5 | 135 | 143 | 154 | 164 |
| East Germany | 20.5 | 154 | 162 | 170 | 181 |
| Hungary | 8 | 134 | 127 | 149 | 156 |
| Poland | 22.5 | 136 | 145 | 154 | 162 |
| Rumania | 9 | 154 | 143 | 165 | 170 |
| Total** | 79.5 | 142 | 147 | 159 | 168 |

The dollar values shown above may be compared most appropriately with the estimates of gross national product in dollars that have been prepared for certain Western European countries by Milton Gilbert and Associates for OEEC, using Western European quantity weights. Our estimates for the European Satellites would in general be higher if Satellite quantity weights were used and lower if US quantity weights were used.

2. Specific projections of the gross national products of the European Satellites are not available. Recent rates of economic growth and announced plans in the four most important countries (summarized below) suggest, however, that the gross national product of the Satellites as a group will increase at an average rate of about $5\frac{1}{2}$ or 6 percent annually through 1965, compared with an estimated growth rate of about $6\frac{1}{2}$ percent in 1951-55. Planned increases in national income thus are not expected to be realized fully, chiefly because of difficulties in expanding agricultural output. The growth rate anticipated for gross national product is also lower than the planned increases in national income because production not included in the Communist definition of national income (principally government and private services) is expected to grow less rapidly than production in the sectors which are included.

* These are rough estimates which have been rounded to the nearest \$500 million.

** Excluding Albania.

| | Average Annual Percentage Increase | | |
|----------------|---|--------------------------------|---|
| | Gross National Product, 1951-58 (Estimated) | National Income (Planned) * | Gross Industrial Production (Planned) * |
| Czechoslovakia | 6½ | 7½ | 8½ |
| East Germany | 7½ | 7 | 8½ |
| Hungary | 7½ | 6 | 7½-8 |
| Poland | 6 | 7 | 8½ |

3. Although detailed information is not available on the distribution of gross national product by end-use, some impression can be given of the large proportion allocated to investment in the Satellites. It is estimated that the share of total investment (capital investment and inventory accumulation) in Czechoslovakia, East Germany, Hungary, and Poland in 1958 ranged from about one-fourth to one-third of gross national product at factor cost. Explicit allocations for defense amounted to less than 5 percent of gross national product at factor cost in three Satellites in 1958 and probably did not exceed 10 percent of gross national product in the other countries. Defense allocations published in Satellite budgets do not necessarily include all such expenditure, however.

* The period is 1959-65 for East Germany and Hungary and 1961-65 for Czechoslovakia and Poland.